

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

March 10, 2021

1:03 p.m.

**MEMBERS PRESENT**

Representative Josiah Patkotak, Chair  
Representative Grier Hopkins, Vice Chair  
Representative Zack Fields  
Representative Calvin Schrage  
Representative Sara Hannan  
Representative George Rauscher  
Representative Mike Cronk  
Representative Ronald Gillham  
Representative Tom McKay

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 12

Urging the United States Department of the Interior, Bureau of Land Management, to honor the recent lease sales and proceed with permitting in the Arctic National Wildlife Refuge; urging the President of the United States to defend the 2020 Record of Decision approving the Coastal Plain Oil and Gas Leasing Program in the Arctic National Wildlife Refuge; opposing designation of the Arctic National Wildlife Refuge as a National Monument; and urging the Alaska delegation in Congress to uphold sec. 20001 of the Tax Cuts and Jobs Act of 2017.

- MOVED CSHJR 12 (RES) OUT OF COMMITTEE

HOUSE BILL NO. 81

"An Act authorizing the commissioner of natural resources to modify a net profit share lease."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 12

SHORT TITLE: ENDORSING ANWR LEASING; RELATED ISSUES

SPONSOR(s): REPRESENTATIVE(s) RAUSCHER

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	RES, STA
02/19/21	(H)	STA REFERRAL REMOVED
02/19/21	(H)	BILL REPRINTED
03/01/21	(H)	RES AT 1:00 PM BARNES 124
03/01/21	(H)	-- MEETING CANCELED --
03/03/21	(H)	RES AT 1:00 PM BARNES 124
03/03/21	(H)	-- MEETING CANCELED --
03/08/21	(H)	RES AT 1:00 PM BARNES 124
03/08/21	(H)	Heard & Held
03/08/21	(H)	MINUTE(RES)
03/10/21	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 81

SHORT TITLE: OIL/GAS LEASE:DNR MODIFY NET PROFIT SHARE  
 SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	RES, FIN
03/05/21	(H)	RES AT 1:00 PM BARNES 124
03/05/21	(H)	Heard & Held
03/05/21	(H)	MINUTE(RES)
03/10/21	(H)	RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

DEBBIE MILLER

Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

DOROTHY O'DONNELL

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

FRANK WILLIAMS

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

ALAN WEITZNER, Executive Director

Alaska Industrial Development and Export Authority (AIDEA)  
 Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HJR 12.

JULIANNE WARREN

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

CONNOR ODOM

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

LOIS EPSTEIN

The Wilderness Society

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

ABIGAIL STESSEN

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

SONJA BENSON

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

NAURI TOLER

Eagle River, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

FAY HEROLD

Seward, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

KAY BROWN

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HJR 12.

JOSHUA KNICELY

Location not provided

**POSITION STATEMENT:** Testified in opposition to HJR 12.

JHONNY MEZA, Commercial Section Manager

Division of Oil and Gas

Department of Natural Resources

Anchorage, Alaska

**POSITION STATEMENT:** Provided information and answered questions during the hearing on HB 81.

#### **ACTION NARRATIVE**

[1:03:00 PM](#)

**CHAIR JOSIAH PATKOTAK** called the House Resources Standing Committee meeting to order at 1:03 p.m. **Representatives \* were**

present at the call to order. Representatives \* arrived as the meeting was in progress.

#### **HJR 12-ENDORSING ANWR LEASING; RELATED ISSUES**

1:03:53 PM

CHAIR PATKOTAK announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 12 Urging the United States Department of the Interior, Bureau of Land Management, to honor the recent lease sales and proceed with permitting in the Arctic National Wildlife Refuge; urging the President of the United States to defend the 2020 Record of Decision approving the Coastal Plain Oil and Gas Leasing Program in the Arctic National Wildlife Refuge; opposing designation of the Arctic National Wildlife Refuge as a National Monument; and urging the Alaska delegation in Congress to uphold sec. 20001 of the Tax Cuts and Jobs Act of 2017.

1:04:16 PM

CHAIR PATKOTAK opened public testimony on HJR 12.

1:04:50 PM

DEBBIE MILLER testified in opposition to HJR 12. She said that she first testified in defense of the Arctic National Wildlife Refuge (ANWR) in 1985, and that she believes that the legislature should not honor the recent coastal plain lease sale, not proceed with permitting in ANWR, and that Section 20001 of the Tax Cuts and Jobs Act of 2017 should be repealed, as it violates the original purpose of ANWR, as well as the National Wildlife Refuge [System] Administration Act. She said that oil development is not compatible with the wildlife, wilderness, and recreational value of ANWR. She further explained that the Eisenhower Administration gave 20 million acres of federal land to the state for resource development, and that there are now 1,113 active leases on the North Slope, and that there is a lot of room for active oil development but that, due to climate change, ANWR should not be open to drilling as it may harm the wildlife. She said that people of Canada and Alaska, as well as Inupiat, are opposed to this and that it's a divisive issue. She opined that the state has many choices that are wiser than drilling in a federally-protected wildlife refuge which the majority of Americans would prefer kept as it is.

1:08:52 PM

DOROTHY O'DONNELL testified in opposition to HJR 12. She read a statement as follows:

To those of you who plan to support this bill, I know you'll ignore the righteous voices of concerned Alaskans speaking up about the desecration of the birthing grounds for the Porcupine caribou herd, about the Gwich'in people who have sacred connection and rely on these lands, and the climate crisis, which the Arctic is affected by at disproportional rates. If our state's wellbeing isn't reason enough to oppose this resolution, then consider the economic reasons of this greedy exploitation will not succeed. No major oil companies bid on the leases in ANWR. They knew this was a fiscal and reputational risk. The rest of the world is rapidly moving away from this destructive industry. If the state invested in this project, these financial contributions would be obsolete within years when we inevitably make the transition to renewable resources. Please stand for Alaska in opposing HJR 12. Thank you.

[1:10:17 PM](#)

FRANK WILLIAMS testified in opposition to HJR 12. He said that he is a long-time Alaskan and opposes this resolution for all of the reasons the committee has already heard. He offered his understanding that a number of Alaskans oppose "further actions like this."

[1:11:20 PM](#)

ALAN WEITZNER, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), testified in support of HJR 12, as follows:

I'm calling in today to express AIDEA's support for HJR 12. At AIDEA, our mission is to promote job growth and spur economic development within Alaska. We participated in a 1002 Area Leasing program in order to preserve Alaska's ability to access, and responsibly develop, our state's abundant natural resources. We support the Voice of the Arctic Inupiat, a coalition of 24 North Slope tribal councils, municipal governments, and Alaska Native corporations, which includes the Native village of

Kaktovik and the Kaktovik Inupiat Corporation. Together, members of the Voice have advocated, and continue to advocate, for responsible development of oil and gas resources on the North Slope, specifically within the 1002 area of ANWR.

Much of the economic development and jobs supported across our North Slope communities has resulted from the responsible development of Alaska's oil and gas resources. Public funding from taxes on oil and gas infrastructure has significantly contributed to economic security within those communities, and provided revenue to fund local services, schools, health clinics, housing, emergency response, water and wastewater, heat and electric utilities, and countless essential services. As for the State of Alaska, we all benefit through half of the fixed royalty of 16.67 percent on any increased production from the area's development, and this is in addition to the half of proceeds that are earned from the 1002 Area Lease sale. We also grow the Permanent Fund for our future generations.

We believe that the passage of this resolution will preserve Alaska's ... rights designated under [Alaska National Interest Lands Conservation Act] ANILCA, and the rights conveyed to Alaska Native corporations and its communities. It is our hope that the result from the passage of HJR 12 would be for President Biden and his Administration to spotlight Alaska as the leader it is for responsible resource development, and to not restrict the development of our own resources or encroach on the local communities' self-determination. We ask that instead, the Biden Administration uphold Alaska as the gold standard of American innovation, responsibility, and sustainability.

[1:14:18 PM](#)

JULIANNE WARREN testified in opposition to HJR 12. She recalled hearing the testimony of a Gwich'in hunter and language-keeper when this legislation was heard during the Thirtieth Alaska State Legislature, and she opined that his testimony was an example of the people who are most affected by plans for ANWR not being heard. She said that she recommends The Man Who Became a Caribou to learn about the connection between the Gwich'in people and caribou, and that those who want to continue

drilling have a narrative based on untrue beliefs. She ended by saying, "Please listen, and don't pass this bill."

1:17:35 PM

CONNOR ODOM testified in opposition to HJR 12. He said that there is "no such thing as sustainable use of oil," future generations are "condemned to basically a climate hell," and oil production is irresponsible. He said that by putting oil "into the atmosphere, you're not only condemning people to death, you're condemning entire ecosystems," and that harm to the planet should be considered.

1:19:21 PM

LOIS EPSTEIN, The Wilderness Society, testified in opposition to HJR 12. She read a statement as follows:

[The] Wilderness Society has worked to protect Alaska's arctic since our founding in the 1930s. I will begin my testimony by quoting excerpts from former Deputy Commissioner of [the Department of] Revenue and former AIDEA board member Larry Persily. In his January 29 piece in the Anchorage Daily News, Persily said that, other than AIDEA bidding on Arctic Refuge leases on January 6, "the only other bidders were an Anchorage-based real estate development firm and a U.S. subsidiary of an Australian company whose stock trades at around a penny per share. If any loyal company with a lot of money to risk on a high-cost, highly controversial arctic project had wanted to explore in ANWR, it would have submitted its own bid, but no one did. The industry is turning away from expensive, risky, controversial projects that can take a decade or longer to produce cash. The world is turning its attention away from oil, especially high-profile, headline-grabbing Arctic development."

While you may not trust what I have to say, the legislature ought to listen to Larry Persily. Alaska's single-minded approach to economic development, i.e. focusing only on resource development, largely on oil, needs to change. Alaska now gets more money from investments on an annual basis than from oil. There are lots of problems with HJR 12, including the 2,000-acre myth that federal legislators concocted to mislead the public, and

ignoring BP's major North Slope pipeline spill, Representative (indisc.) North Slope blowout, and the role the refuge's oil would play in worsening climate change. Additionally, HJR 12 does not maintain the ecological and wilderness treasure that the Arctic Refuge coastal plain represents, nor the areas important to the Gwich'in people of Alaska and Canada. **Though that stands to** benefit from Arctic refuge involvement, including the Alaska Oil & Gas Association, Kaktovik Inupiat Corporation, and Arctic Slope Regional Corporation, are pushing hard for this resolution to pass. With its problematic "whereas" statements and its single-minded focus on oil and gas development at the expense of a national treasure, that is essential habitat for subsistence, we respectfully ask legislators to consider the facts and vote "no" on HJR 12.

[1:22:12 PM](#)

ABIGAIL STESSEN testified in opposition to HJR 12. She said that this is the time to diversify the energy economy instead of developing more oil. She said there are more difficulties for development, such as the decreasing longevity of ice roads. She mentioned climate change and warned that continued development of oil would cost the state more than monetary value. She stated that it would be better to plan for the climate crisis rather than "increasing the severity of it through promoting oil and gas development here."

[1:23:58 PM](#)

SONJA BENSON testified in opposition to HJR 12. She said that the coastal plain should be preserved, and that she doesn't think this is the right time to open a rare, pristine area that supports more than 170 species of birds, which migrate all over the world. She said that it is an international treasure which would be impacted by oil development, which is not compatible with wilderness values. She said that with the climate crisis, she supports renewable resources.

[1:26:50 PM](#)

NAURI TOLER testified in opposition to HJR 12. She said she agreed with the comments that had been made by previous testifiers. She said that she understands that business exist



to make a profit, but observed that business is "not necessarily designed to help our cultural ... way of life."

1:29:02 PM

FAY HEROLD testified in opposition to HJR 12. She said that the effects of climate change are visible in Alaska. She opined that it's time to transition away from fossil fuel, and noted that the oil companies, as well as the rest of the planet, are transitioning also. She said that the state must consider diversifying energy, and put energy into different resources instead of oil lease sales. She stressed that, for the sake of future generations, the state must change.

1:31:45 PM

KAY BROWN testified in opposition to HJR 12. She said that she was the Director of Oil & Gas in the 1980s, and at that time she supported oil development, but she has changed her mind over the years and now feels it's a mistake. She noted that she is "especially troubled" by the effects of climate change, and that Alaska's leaders need to face the challenge. She said that Alaska needs to phase out existing production and shouldn't be undertaking new oil development. She opined there are many "inaccuracies" in HJR 12 that should be addressed.

1:34:16 PM

JOSHUA KNICELY testified in opposition to HJR 12. He said that "we are moving away from fossil fuels" out of necessity, climate change is getting worse, and development of fossil fuels is clinging to the past. He noted that the state can move into the future or cling to "this terrible thing" that will hurt Alaska in the future.

1:35:48 PM

CHAIR PATKOTAK, after ascertaining that there was no one else wished to testify, closed public testimony on HJR 12.

1:36:11 PM

REPRESENTATIVE HOPKINS moved to adopt Amendment 1, labeled 32-LS0413/B.1, Nauman, 3/8/21, which read as follows:

Page 3, following line 14:  
Insert new material to read:

"WHEREAS support for development of the coastal plain of the Arctic National Wildlife Refuge by many state residents is predicated on the maximum employment of the in-state workforce during all phases of development and operation; and"

[1:36:19 PM](#)

CHAIR PATKOTAK objected for the purpose of discussion.

[1:36:26 PM](#)

REPRESENTATIVE HOPKINS explained that Amendment 1 would be inserted into the discussion on economic impact and asked for support from the committee to further support Alaskan jobs with this resolution.

[1:37:30 PM](#)

REPRESENTATIVE RAUSCHER, as prime sponsor of HJR 12, said that he views Amendment 1 as friendly and that he supports it.

[1:37:55 PM](#)

CHAIR PATKOTAK removed his objection. There being no further objection, Amendment 1 was adopted.

[1:38:32 PM](#)

REPRESENTATIVE RAUSCHER thanked committee members for their time and for the thoughtfulness of Amendment 1. He acknowledged the Alaska Support Industry Alliance, the Alaska Chamber, and the Resource Development Council, and recognized the March 8, 2021, testimony of Matthew Rexford of the Kaktovik Inupiat Corporation as especially helpful.

[1:40:46 PM](#)

REPRESENTATIVE MCKAY spoke in support of HJR 12, [as amended], and expressed his belief that drilling operations do not affect the caribou.

CHAIR PATKOTAK said the goal is always a balance between the village way of life and the economy.

[1:43:13 PM](#)

REPRESENTATIVE FIELDS said that the majority of the residents in his district oppose development in ANWR for environmental reasons. He expressed his belief that climate change must be addressed, but said he would be inclined to defer to Chair Patkotak.

CHAIR PATKOTAK replied that he is from Barrow, and he noted the pros and cons of oil operations, expressing that natural gas, among other resources, has benefited his constituents as one of the "tangible, immediate, life-changing things."

[1:45:47 PM](#)

REPRESENTATIVE CRONK expressed his belief that Alaska is the safest place in the world when it comes to resource production.

[1:46:33 PM](#)

REPRESENTATIVE GILLHAM said that caribou are not affected [by the activity] and that animals have right of way when they are in the area; everything shuts down when an animal is in the vicinity. He also indicated that he would defer to Chair Patkotak as a resident of the area.

[1:47:20 PM](#)

REPRESENTATIVE HOPKINS said that many of the people who testified were from his and a neighboring district, and he is looking forward to being a part of bodies that act on climate change in the future. He noted the work of U.S. Senator Lisa Murkowski and of Secretary Deb Haaland as the first indigenous Secretary of the Interior.

CHAIR PATKOTAK noted the statements referring to deference to himself and his district, and he remarked that it's good to strike a balance between opinions for and against the issue.

[1:49:43 PM](#)

REPRESENTATIVE HANNAN said that, insofar as hundreds of Alaskans and her own constituents oppose HJR 12, she would be voting no on HJR 12 on the House floor.

[1:50:28 PM](#)

REPRESENTATIVE HOPKINS moved to report HJR 12, as amended, out of committee with individual recommendations and the

accompanying fiscal notes. There being no objection, CSHJR 12(RES) was reported out of the House Resources Standing Committee.

[1:50:50 PM](#)

The committee took an at-ease from 1:50 p.m. to 1:54 p.m.

**HB 81-OIL/GAS LEASE:DNR MODIFY NET PROFIT SHARE**

[1:54:41 PM](#)

CHAIR PATKOTAK announced that the final order of business would be HOUSE BILL NO. 81 "An Act authorizing the commissioner of natural resources to modify a net profit share lease."

[1:55:25 PM](#)

JHONNY MEZA, Commercial Section Manager, Division of Oil and Gas, Department of Natural Resources, provided information on HB 81. He noted the questions posed by committee members during the March 5, 2021, meeting and said that the Department of Natural Resources (DNR) has provided answers.

CHAIR PATKOTAK advised the committee members that DNR had emailed the answers to their offices.

[1:57:22 PM](#)

CHAIR PATKOTAK opened public testimony on HB 81. After ascertaining that no one wished to testify, he closed public testimony.

CHAIR PATKOTAK announced that HB 81 was held over.

[1:58:33 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 1:58 p.m.